

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**IN RE:**

**February 23, 2001**

**PETITION FOR ARBITRATION OF ITC^DELTACOM  
COMMUNICATIONS, INC. WITH BELL SOUTH  
TELECOMMUNICATIONS, INC. PURSUANT TO  
THE TELECOMMUNICATIONS ACT OF 1996**

**DOCKET NO.  
99-00430**

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**FINAL ORDER OF ARBITRATION**

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On February 6, 2001, this matter came before the Directors of the Tennessee Regulatory Authority ("Authority") acting as Arbitrators pursuant to 47 U.S.C. § 252 upon the filing of final best offers by ITC^DeltaCom Communications, Inc. ("DeltaCom") and BellSouth Telecommunications, Inc. ("BellSouth") and the filing of a *Motion for Reconsideration and Clarification* by BellSouth.

**I. Procedural Facts and History**

The Telecommunications Act of 1996 ("Act") requires that incumbent local exchange carriers ("ILECs") provide new entrants to the local telecommunications market with access to telephone networks and services on "rates, terms, and conditions that are just, reasonable, and nondiscriminatory." 47 U.S.C. § 251(c)(2)(D). Pursuant to §§ 251 and 252 of the Act, ILECs and other telecommunications carriers have a duty to negotiate in good faith the terms and conditions of agreements regarding facilities access, interconnection, resale of services, and other arrangements listed in these sections. *See id.* §§ 251, 252. If the parties are unable to reach an agreement voluntarily, either party may petition the state commission for arbitration. *See id.* §

252(b)(1). A final interconnection agreement, whether negotiated or arbitrated, must be reviewed by the state commission to determine whether it complies with the Act. *See id.* § 252(e)(1).

On June 11, 1999, DeltaCom filed a petition requesting the Authority arbitrate its interconnection agreement with BellSouth. The petition contained seventy-three (73) issues, including sub-issues. The Directors accepted DeltaCom's petition for arbitration on June 29, 1999, appointed themselves as Arbitrators, and directed the General Counsel or his designee to serve as the Pre-Arbitration Officer. BellSouth responded to the petition on July 6, 1999. The Pre-Arbitration Officer held a Conference on August 4, 1999 for the purposes of clarifying the issues and setting a procedural schedule. As a result, the parties resolved many issues, leaving the following seventeen (17) issues open for resolution: 1(a), 2, 6(a), 2(a)(iv), 2(b)(ii), 2(b)(iii), 3(1), 3(2), 4(a), 5, 6(b), 6(c) 6(d), 7(b)(iv), 8(b), 8(e), and 8(f). The Authority heard testimony related to these issues at a three-day hearing held from November 1, 1999 until November 3, 1999.<sup>1</sup>

On January 25, 2000, the Arbitrators proposed taking official notice of the ICG arbitration record, which contains the final Texas Performance Plan ("Texas Plan") and late-filed exhibits outlining the differences between the Texas Plan and BellSouth's 1999 Service Quality

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<sup>1</sup> Issue 6(c) was resolved during the hearing by DeltaCom witness Don Wood. During his testimony, Mr. Wood represented that the issue regarding disconnect charges would be resolved for DeltaCom if the Authority's oral directive on this matter were codified in an interim order. The Authority released its interim order in Docket No. 97-01262 on November 3, 1999 thereby resolving issue 6(c). *See In Re: Petition to Convene a Contested Case Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements, Order Re Petitions for Reconsideration and Clarification of Interim Order in Phase I*, Docket No. 97-01262, at 34 (Nov. 3, 1999).

Measurements (“SQMs”).<sup>2</sup> The Arbitrators gave the parties an opportunity to respond and none objected. Thereafter, the Arbitrators took official notice of the ICG arbitration record.

The Arbitrators deliberated at a public meeting on April 4, 2000. The Arbitrators resolved many of the issues, but requested final best offers on issues 4(a), 5, 8(e) and portions of 1(a).<sup>3</sup> DeltaCom filed final best offers as to issues 4(a), 5, and 8(e) on May 4, 2000, amended final best offers as to issues 4(a), 5, and 8(e) on May 12, 2000, and final best offers as to issue 1(a) on May 22, 2000. BellSouth filed final best offers as to issues 4(a), 5, and 8(e) on May 8, 2000, final best offers as to issue 1(a) on May 22, 2000, and a response to DeltaCom’s final best offers on July 27, 2000. In addition, BellSouth filed *BellSouth Telecommunications, Inc.’s Motion for Reconsideration* (“Motion for Reconsideration”) on May 22, 2000. DeltaCom filed a response to the Motion for Reconsideration on June 8, 2000, and BellSouth filed a reply on July 26, 2000.

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<sup>2</sup> *In Re: Petition by ICG Telecom Group, Inc. for Arbitration of Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to Section 252(b) of the Telecommunications Act of 1996*, Docket No. 99-00377.

<sup>3</sup> In addition to various holdings, the Arbitrators adopted BellSouth’s 1999 SQMs, with three (3) revisions, and twenty-six (26) additional measurements from the Texas Plan. When directing the filing of final best offers as to issue 1(a), the Arbitrators specifically directed the parties to address the following items:

1. The electronic medium to be used in providing DeltaCom with access to the performance report and underlying data;
2. The process to be utilized to determine BellSouth’s compliance or non-compliance with the standards and/or benchmarks;
3. Standards and/or benchmarks for each measurement. Standards must be specific and measurable. Parity or retail analog should include the specific service to which parity will be measured or the retail analog companion. Additionally, a methodology should be provided for defining or calculating the performance standard and/or benchmark, for each measure, such as the method contained in the VSEEMs for each measure;
4. Enforcement mechanisms. These must be specific and should provide the number of occurrences at which the enforcement mechanism applies at the threshold and the specific enforcement mechanism once the threshold is met. Enforcement mechanisms should be categorized by tiers structured similar to those contained in BellSouth’s Voluntary Self-Effectuating Enforcement Mechanisms (“VSEEMs”) and should include appropriate caps; and
5. Circumstances that would warrant a waiver request from BellSouth and the time frame for submitting such waiver request.

In addition, the Arbitrators ordered BellSouth to file implementation dates for the SQMs where BellSouth had noted that the level of disaggregation is under development and for the additional measurements from the Texas Plan.

The Arbitrators addressed the Motion for Reconsideration and the final best offers immediately following the regularly scheduled August 1, 2000 Authority Conference. The Arbitrators first determined that the Motion for Reconsideration was premature and dismissed the motion without prejudice. The Arbitrators next found that the parties failed to properly respond to issue 1(a) and ordered the resubmission of final best offers. Thereafter, the Arbitrators resolved issues 4(a), 5, and 8(e).

The Arbitrators entered an order memorializing their April 4<sup>th</sup> decisions on August 11, 2000. On August 28, 2000, BellSouth filed *BellSouth Telecommunications, Inc.'s Motion for Reconsideration and Clarification*. The Arbitrators entered an order memorializing the August 1<sup>st</sup> determinations on August 31, 2000. On September 8, 2000, DeltaCom filed *Response of ITC^DeltaCom Communications, Inc. to BellSouth Telecommunications, Inc.'s Second Motion for Reconsideration and Clarification*. BellSouth filed a *Reply Memorandum in Support of BellSouth Telecommunications, Inc.'s Motion for Reconsideration and Clarification* on December 29, 2000, and DeltaCom filed *Response of ITC^DeltaCom Communications, Inc. to BellSouth Telecommunications, Inc.'s Reply Memorandum* on February 1, 2000.

The Arbitrators deliberated all outstanding matters immediately following a regularly scheduled Authority conference on February 6, 2001.

## **II. Final Best Offers: Issue 1(a)**

### **A. The Electronic Medium**

DeltaCom argues that BellSouth should provide access to the raw data underlying the reported results and the actual values used in the calculation of BellSouth's own results. Furthermore, DeltaCom contends that BellSouth should provide the data in a readily accessible manner, such as the Internet; provide the data so that it can be accessed and manipulated with

commonly used software, such as Excel, Access or Oracle; maintain a current and accurate user's manual; and provide a knowledgeable single point of contact. BellSouth counters that it "does not have the capability to make available electronically the raw data that is used to generate reports outside of [Performance Measurement and Analysis Platform ("PMAP")]."<sup>4</sup>

The Arbitrators find that BellSouth did not directly respond to the request. Specifically, the Arbitrators asked the parties to provide final best offers on the electronic medium to be used, not the parties' capability to provide the raw data. Additionally, the Arbitrators find that the raw data is important in that it allows the competing local exchange carriers ("CLECs") to verify the accuracy of the reports received from BellSouth. Based on these findings, the Arbitrators adopt unanimously DeltaCom's final best offer and direct BellSouth to file with this Authority no later than Tuesday, February 20, 2001 the date on which DeltaCom's data will be available on the Internet.

**B. Process to Determine BellSouth's Compliance With the Standards and Benchmarks**

BellSouth argues that a simple comparison of BellSouth's results to the standards or benchmarks will determine whether BellSouth has met the standards or benchmarks. BellSouth argues that the appropriate standard or benchmark is parity and the statistical methodology to determine parity is the Truncated Z.

DeltaCom states that the process for determining compliance must include: 1) a comprehensive set of comparative measurements that monitors all areas of support without preference to any mode of market entry; 2) measurements and methodologies that are documented in detail so that clarity exists regarding what will be measured, how it will be measured, and in what situations a particular event may be excluded from monitoring; 3)

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<sup>4</sup> *BellSouth's Revised Final Best Offers*, p. 4 (Oct. 2, 2000).

sufficient disaggregation of results, so that only the results for similar operational conditions are compared and, particularly, so the averaging of results will not mask discrimination; 4) pre-specified and pro-competitive performance standards and benchmarks which include identifying reasonable, analogous performance delivered by the ILEC to its own operations or, when such comparative standards are not readily identifiable, the absolute minimum standards for performance; and 5) sound quantitative methodology used to compare CLEC experiences to analogous ILEC support. To determine compliance, DeltaCom proposes using the Modified Z-statistic, permutation analysis, and balancing critical value.

The Arbitrators find that BellSouth and DeltaCom have provided comparative methodologies for defining and calculating the performance standards and benchmarks, but that BellSouth's methodology is more detailed and provides continuity with the enforcement mechanisms. In addition, the Authority finds that the Truncated Z statistical method addresses DeltaCom's concerns with one exception. Specifically, BellSouth lacks values for critical parameters for the calculations. DeltaCom proposed a value of 0.25 for the parameter  $\delta$ , delta. The Authority finds that in order to complete BellSouth's methodology it is necessary to adopt the value of parameter  $\delta$ , delta, proposed by DeltaCom for use when BellSouth uses a parity measurement. Based on these findings, the Arbitrators adopt BellSouth's process, use of the Truncated Z statistical method, and DeltaCom's value of parameter  $\delta$ , delta, for use when BellSouth uses a parity standard or benchmark measurement.

**C. Standards and Benchmarks for Each Measurement and the Methodology for Defining and Calculating the Standards and Benchmarks**

BellSouth states that it has proposed comprehensive standards and benchmarks for its 1999 SQMs. BellSouth also argues that it based its standards and benchmarks on performance

data produced by BellSouth over the past two years. Furthermore, BellSouth believes that its proposed standards and benchmarks fairly balance the interests of DeltaCom and BellSouth. BellSouth did not, however, provide any standards or benchmarks for the Texas Plan measurements. BellSouth proposes use of the Truncated Z statistical method, which takes into account performance measures where proportion, rate, mean, and ratio are applicable for defining or calculating the performance standards and benchmarks.

DeltaCom states that the rationale and sources underlying their proposed plan are sound. DeltaCom proposes the Modified Z statistic, permutation analysis, and balancing critical value for defining or calculating the performance standards and benchmarks. DeltaCom argues its methodology provides parity by design as well as standards and benchmarks that will determine the performance of BellSouth.

The Arbitrators found in the *Interim Order*, filed on August 11, 2001, that the standards and benchmarks must be specific and measurable. Consistent with this finding, the Arbitrators determined that BellSouth and DeltaCom have provided comparative sets of standards and benchmark as well as a methodology for defining and calculating the performance standards and benchmarks. Additionally, the Arbitrators find that many businesses will not achieve a higher standard unless an external force causes them to attain a higher standard. Based on these findings, the Arbitrators adopt for all measurements DeltaCom's standards and benchmarks and BellSouth's statistical methodology for defining and calculating the performance standards and benchmarks with parameter  $\delta$ , delta, fixed at 0.25.

#### **D. Enforcement Mechanisms**

BellSouth states that its proposed enforcement mechanisms, otherwise known as VSEEMs, are the same enforcement mechanisms that several CLECs have adopted and it is willing to provide these enforcement mechanisms after § 271 approval in any one state in the BellSouth region. In addition, BellSouth contends that its enforcement mechanisms serve as a powerful incentive for maintaining a level of performance for all CLECs that is at least equal to the level of performance for services provided to BellSouth's retail customers.

BellSouth proposes the following three (3) tiers of enforcement mechanisms: 1) BellSouth triggers Tier-1 enforcement mechanism payments by failing to meet the standard or benchmark in any given month. BellSouth always pays Tier-1 payments to the CLEC and the amount of the penalty increases for each consecutive month of failure; 2) BellSouth triggers Tier-2 enforcement mechanism payments by failing to meet the standard or benchmark for three consecutive months; and 3) Tier-3 enforcement mechanisms will only apply after § 271 approval and would prevent BellSouth from marketing any long distance service in the harmed until BellSouth complies with the standards and benchmarks.

DeltaCom states that enforcement mechanisms must result in prompt enforcement with appropriate consequences because CLECs cannot rely solely upon the legal/regulatory process to obtain appropriate remedies for discriminatory ILEC performance. DeltaCom categorizes the enforcement mechanisms by tiers similar to those contained in BellSouth's VSEEMs. DeltaCom proposes the following two (2) tiers for enforcement mechanisms: 1) Tier-1 payments paid directly to the CLEC and 2) Tier-2 payments paid directly to the Authority in addition to any Tier-1 payments made to the CLECs. DeltaCom proposes an escalating dollar amount in the



month the consequences were due depending on the severity of noncompliance for both Tier-1 and Tier-2 payments.

BellSouth asserts that it is willing to place fifty-seven (57) million dollars at risk in Tennessee, out of the six hundred and twenty-five (625) million dollars in the nine state region, which represents twenty percent (20%) of BellSouth's net return from local exchange revenue. DeltaCom proposes a thirty-six percent (36%) cap on BellSouth's "Net Return" as that term is defined in CC Docket No. 99-295,<sup>5</sup> which equals one-hundred and thirty-seven (137) million dollars in Tennessee based on 1999 ARMIS 43-01 report<sup>6</sup> data.

The Arbitrators find that BellSouth and DeltaCom have both submitted enforcement mechanisms categorized in tiers with appropriate caps. The Arbitrators also find, however, that BellSouth provided a table of the categories and DeltaCom did not. Because there is a wide range between BellSouth's and DeltaCom's proposals and in order to provide an equitable amount of balance and fairness to the parties, the Arbitrators find that the best outcome would result from a combination of DeltaCom's and BellSouth's final best offers.

Furthermore, the Arbitrators find that, although BellSouth proposes an overall cap of fifty-seven (57) million dollars in Tennessee and states that twenty percent (20%) of its net revenue from local exchange service is six-hundred and twenty-five (625) million dollars for its

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<sup>5</sup> *In Re Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Serv.*, FCC 99-404, CC Docket No. 99-295, 15 FCC Rcd 3953, fn. 1332 (Dec. 22, 1999) (Memorandum Opinion and Order) (stating: "To arrive at a total "Net Return" figure that reflects both interstate and intrastate portions of revenue derived from local exchange service, we combined line 1915 (the interstate "Net Return" line) with a computed net intrastate return number (total intrastate operating revenues and other operating income, less operating expenses, nonoperating items and all taxes). See ARMIS 43-01 Annual Summary Report, Table 1, Cost and Revenue Table (1998)).

<sup>6</sup> ARMIS is an acronym for Automated Reporting Management Information System. ARMIS reports contain key financial, operational, infrastructure, and service quality information for the largest ILECs in a standard format.

nine state region,<sup>7</sup> based on DeltaCom's figures, twenty percent (20%) of BellSouth's "Net Return" from local exchange service would be approximately seventy-six (76) million dollars.<sup>8</sup> Because BellSouth has not received § 271 approval, the Arbitrators accept BellSouth's twenty percent (20%) cap, but hold that BellSouth shall calculate the actual dollar amount based on BellSouth's "Net Return" as that term is defined in CC Docket No. 99-295.<sup>9</sup> The Arbitrators also recognize that Bell Atlantic and Southwestern Bell committed thirty-six percent (36%) of their respective revenues from local exchange service for enforcement mechanism purposes. The Arbitrators find that twenty percent (20%) is acceptable without § 271 approval, but after § 271 approval thirty-six percent (36%) is more appropriate to deter BellSouth from providing discriminatory service and/or backsliding.

Based on the above findings, the Authority adopts the following:

1) A two tier enforcement mechanism program, as proposed by DeltaCom, comprised of Tier-1 payments paid directly to the CLEC and Tier-2 payments paid to the Authority. BellSouth triggers Tier-1 enforcement mechanism payments if it fails to perform in accordance with the standard and/or benchmark and Tier-2 payments if it fails to perform for three (3) consecutive months.

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<sup>7</sup> BellSouth states that six-hundred and twenty-five (625) million dollars is twenty percent (20%) of its net revenue from local exchange service in its nine state region, but fails to provide the percentage of net revenue from local exchange service that the fifty-seven (57) million dollars represents in Tennessee.

<sup>8</sup> DeltaCom states that thirty-six percent (36%) of BellSouth's net return from local exchange service in Tennessee is one-hundred and thirty-seven (137) million dollars. Assuming this is correct, then twenty percent (20%) of BellSouth's net return from local exchange service in Tennessee would be seventy-six (76) million dollars. (Calculated as follows: (\$ 137 million net return figure provided by DeltaCom) / (36 percent figure provided by DeltaCom) = (Total Net Return from Local Exchange Service in Tennessee) X (20%) = Net Return from Local Exchange Service in Tennessee. (Actual Calculation: (\$137 million / 36%) X 20% = \$ 76 million).

<sup>9</sup> See *supra* n. 5.

2) The categories listed in BellSouth's "Liquidated Damages Table for Tier-1 Measures" and "Voluntary Payments for Tier-2 Measures." See Exhibit A.<sup>10</sup>

3) The dollar amounts listed in the "Liquidated Damages Table for Tier-1 Measures" and "Voluntary Payments for Tier-2 Measures" as adjusted. See Exhibit A.

4) BellSouth's statement that three (3) consecutive months of failure will trigger Tier-2 enforcement mechanisms, but the three (3) consecutive monthly failures do not have to be in the same quarter.

5) An overall cap of twenty percent (20%) of "Net Return" using ARMIS data for verification of the Tennessee-specific, monetary amount.

6) An overall cap of thirty-six percent (36%) of "Net Return" after § 271 approval, using ARMIS data for verification of the Tennessee-specific, monetary amount.

#### **E. Waiver Requests from BellSouth**

BellSouth states that it should be relieved of liability under Tier-1 and Tier-2 if the performance failure is caused by circumstances beyond BellSouth's control. These circumstances include: 1) force majeure; 2) an act or omission by DeltaCom that is contrary to any of its obligations under its interconnection agreement, the Telecommunications Act of 1996, Authority rule, or state law; 3) an act or omission associated with third-party systems or equipment; and 4) any occurrence that results from an incident reasonably related to the Y2K problem. BellSouth also states that they should have thirty (30) days from the due date of the performance reports to seek a waiver. In the event BellSouth seeks a waiver, BellSouth contends that applicable interest should not apply unless the Authority denies BellSouth's waiver request.

DeltaCom states that BellSouth should not be denied protection from extraordinary

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<sup>10</sup> During the deliberations, the Arbitrators distributed this exhibit as "Attachment B."

events not anticipated in the construction of the enforcement remedy plan. According to DeltaCom, these events should include: 1) force majeure; 2) an act or omission by DeltaCom that is contrary to any of its obligations under its interconnection agreement with BellSouth, the Act, or Tennessee law; 3) an act that is in bad faith; and 4) non-BellSouth problems associated with third-party systems or equipment, which could not have been avoided by BellSouth in the exercise of reasonable diligence. DeltaCom limits the third-party exclusion to no more than three times within a calendar year. DeltaCom states that the Authority through a dispute resolution proceeding should resolve any dispute regarding whether a BellSouth performance failure is excused or, if the parties agree, through binding commercial arbitration with the American Arbitration Association. DeltaCom further argues that any dispute regarding a waiver request should be submitted to the Authority no later than fifteen (15) calendar days from the due date of the consequences for which a waiver is sought.

The Arbitrators find that fifteen (15) calendar days is a sufficient time period for seeking a waiver. The Arbitrators also find that the Authority should determine, when acting upon a waiver request, whether BellSouth may rely on non-BellSouth problems associated with third-party systems or equipment as a basis for a waiver request more than three (3) times a year. Based on these findings, the Arbitrators adopt DeltaCom's final best offer with the following modifications: 1) the due date of the consequences is the due date of the performance report; 2) the Authority maintains the legal authority to enforce the interconnection agreement regardless of the parties agreement for commercial arbitration; 3) waivers for third-party failures shall not be limited to three times a year; and 4) all waivers are subject to approval by the Authority.

**F. Date of Implementation of Additional Performance Measurements from the Texas Plan**

During the April 4, 2000 deliberations, the Authority adopted twenty-six (26) additional performance measurements from the Texas Plan and revised three (3) of BellSouth's 1999 SQMs. As part of its final best offers, BellSouth was to provide a date by which each of those measurements could be implemented. BellSouth provided implementation dates for the additional and revised performance measurements with the exception of the "average update interval for DA database within 72 hours for facility based CLECs," "percentage of missed mechanized INP conversions," "directory assistance average speed of answer," and "operator services speed of answer." The dates proposed by BellSouth are attached hereto as Exhibit B.

The Arbitrators find that BellSouth's proposed dates are reasonable and, therefore, adopt those dates. In addition, the Arbitrators adopt the fourth quarter of 2001 as the implementation date for those dates BellSouth failed to provide.

**II. Motion for Reconsideration and Clarification**


The Arbitrators determined that, for the purpose of judicial economy, they would hold *BellSouth Telecommunications, Inc.'s Motion for Reconsideration and Clarification* in abeyance until the entry of a written, final order. Upon the entry of this Order, BellSouth may supplement or amend its motion.

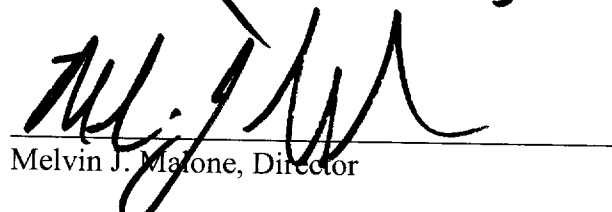
### III. Ordered

The foregoing Final Order of Arbitration reflects the resolution of issue 1(a). Additionally, this Order incorporates, as if fully set out herein, the *Interim Order of Arbitration Award*, filed on August 11, 2000, and the *Second Interim Order of Arbitration Award*, filed on August 31, 2000. BellSouth and DeltaCom shall file their interconnection agreement within thirty (30) days of the entry of this Order, and BellSouth may supplement or amend *BellSouth Telecommunications, Inc.'s Motion for Reconsideration and Clarification* within fifteen (15) days of the entry of this Order. All resolutions contained herein comply with the provisions of the Federal Telecommunications Act of 1996 and are supported by the record in this proceeding.

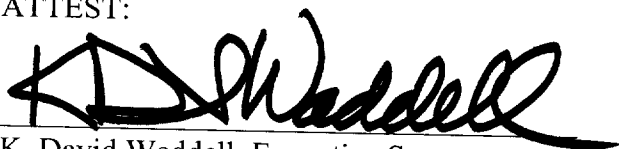
TENNESSEE REGULATORY AUTHORITY,  
BY ITS DIRECTORS ACTING AS ARBITRATORS

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary

**Tier-1 and Tier-2 Enforcement Mechanism Payments****Exhibit A****Liquidated Damages Table for Tier-1 Measures  
(Paid directly to CLEC)**

	<b>Per Affected Item</b>					
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Ordering	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
Provisioning	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
Provisioning UNE	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
Maintenance & Repair	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
Maint. & Repair UNE	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
LNP	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
IC Trunks	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000
Collocation	\$2500	\$5000	\$7500	\$10,000	\$12,500	\$15,000

**Voluntary Payments for Tier-2 Measures  
(Paid to the TRA)**

	Per Affected Item
OSS Pre-Ordering	\$15,000
Ordering	\$15,000
Provisioning	\$15,000
UNE Provisioning	\$15,000
Maintenance & Repair	\$15,000
UNE Maintenance & Repair	\$15,000
Billing	\$15,000
LNP	\$15,000
IC Trunks	\$15,000
Collocation	\$15,000

In summary, Tier-1 enforcement mechanisms payments are paid directly to the CLEC for each of the affected categories listed in the "Liquidated Damages Table for Tier-1 Measures." Tier-2 enforcement mechanism payments are paid directly to the Tennessee Regulatory Authority for each of the affected categories listed in the "Voluntary Payments for Tier-2 Measures." Tier-2 payments are paid upon three (3) consecutive months of failure by BellSouth and are in addition to the Tier-1 payments.

### BellSouth's Proposed Implementation Dates

Performance Measurement	Texas Number	Implementation Date
Percent firm order confirmation returned within specified time	5	1 <sup>st</sup> Quarter 2001
Percent of accurate and complete formatted mechanized bills	15	2 <sup>nd</sup> Quarter 2001
Billing Completeness	17	4 <sup>th</sup> Quarter 2001
Unbillable usage	20	4 <sup>th</sup> Quarter 2001
Average response time for loop makeup information	57	1 <sup>st</sup> Quarter 2001
Percentage of LNP only due dates within industry guidelines	91	2 <sup>nd</sup> Quarter 2001
Percentage of time the old service provider releases the subscription prior to the expiration of the second nine hour (T2) timer	92	2 <sup>nd</sup> Quarter 2001
Percentage of customer account restructured prior to LNP due date	93	2 <sup>nd</sup> Quarter 2001
Percentage premature disconnects for LNP orders	96	2 <sup>nd</sup> Quarter 2001
Average days required to process a request	106	2 <sup>nd</sup> Quarter 2001
Cageless collocation to the level of disaggregation on BST's SQM "collocation/average response time"	Revised 1999 SQM	1 <sup>st</sup> Quarter 2001
Cageless collocation to the level of disaggregation on BST's SQM "collocation/average arrangement time"	Revised 1999 SQM	1 <sup>st</sup> Quarter 2001
Cageless collocation to the level of disaggregation on BST's SQM "collocation/percent of due dates missed"	Revised 1999 SQM	1 <sup>st</sup> Quarter 2001
Percentage of updates completed into the DA database within 72 hours for facility based CLECs	110	2 <sup>nd</sup> Quarter 2001
Average update interval for DA database for facility-based CLECs	111	No Date Proposed (4 <sup>th</sup> Quarter 2001 ordered)
Percentage DA database accuracy for manual updates	112	2 <sup>nd</sup> Quarter 2001
Percentage of missed mechanized INP conversions	116	No Date Proposed (4 <sup>th</sup> Quarter 2001 ordered)
Percent NXXs loaded and tested prior to the LERG effective date	117	4 <sup>th</sup> Quarter 2001
Average delay days for NXX loading and testing	118	4 <sup>th</sup> Quarter 2001
Mean time to Repair	119	4 <sup>th</sup> Quarter 2001
Percentage of requests processed within 30 days	120	Manual – 60 days
Percentage of quotes provided for authorized BFRs/special request within manual-60 days	121	Manual – 60 days
Percent mechanized rejects returned within one hour of receipt of LASR	10	1 <sup>st</sup> Quarter 2001
Percent busy in local service center	23	2 <sup>nd</sup> Quarter 2001
Percent busy in local operations center	26	2 <sup>nd</sup> Quarter 2001
Percent installations complete within industry guidelines for LNP with loop	56.1	2 <sup>nd</sup> Quarter 2001
Directory assistance average speed of answer	80	No Date Proposed (4 <sup>th</sup> Quarter 2001 ordered)
Operator services speed of answer	82	No Date Proposed (4 <sup>th</sup> Quarter 2001 ordered)
Percentage of premature disconnects (coordinated cutovers)	114	2 <sup>nd</sup> Quarter 2001